

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2020**

**McCALL GIBSON SWEDLUND BARFOOT, PLLC**  
**Certified Public Accountants**



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**

**HARRIS COUNTY, TEXAS**

**ANNUAL FINANCIAL REPORT**

**DECEMBER 31, 2020**



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**INDEPENDENT AUDITOR'S REPORT**

Board of Commissioners  
Harris County Emergency  
Services District No. 11  
Harris County, Texas

We have audited the accompanying financial statements of the governmental activities and major fund of Harris County Emergency Services District No. 11 (the "District"), as of and for the year ended December 31, 2020, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

**Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

**Auditor's Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities and major fund of the District as of December 31, 2020, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the District's basic financial statements. The supplementary information required by Harris County and the other supplementary information are presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The supplementary information, excluding that portion marked "Unaudited" on which we express no opinion or provide any assurance, has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated, in all material respects, in relation to the basic financial statements as a whole. The Statement of Activities of Cypress Creek Emergency Medical Services Association was lifted from the basic financial statements audited by another firm.



McCall Gibson Swedlund Barfoot, PLLC  
Certified Public Accountants  
Houston, TX

April 15, 2020



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Management's discussion and analysis of Harris County Emergency Services District No. 11's (the "District") financial performance provides an overview of the District's financial activities for the year ended December 31, 2020. Please read it in conjunction with the District's financial statements.

**USING THIS ANNUAL REPORT**

This annual report consists of a series of financial statements. The basic financial statements include: (1) fund financial statements and government-wide financial statements and (2) notes to the financial statements. The fund financial statements and government-wide financial statements combine both: (1) the Statement of Net Position and Governmental Funds Balance Sheet and (2) the Statement of Activities and Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance. This report also includes required and other supplementary information in addition to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

The District's annual report includes two financial statements combining the government-wide financial statements and the fund financial statements. The government-wide financial statements provide both long-term and short-term information about the District's overall status. Financial reporting at this level uses a perspective like that found in the private sector with its basis in full accrual accounting and elimination or reclassification of internal activities.

The Statement of Net Position includes all the District's assets, liabilities and, if applicable, deferred inflows and outflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the District as a whole is improving or deteriorating. Evaluation of the overall health of the District would extend to other non-financial factors.

The Statement of Activities reports how the District's net position changed during the current fiscal period. All current year revenues and expenses are included regardless of when cash is received or paid.

**FUND FINANCIAL STATEMENTS**

The combined statements also include fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The District has one governmental fund type. The General Fund accounts for resources not accounted for in another fund, property tax revenues, costs of assessing and collecting taxes and general expenditures.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**FUND FINANCIAL STATEMENTS (Continued)**

Governmental funds are reported in each of the financial statements. The focus in the fund financial statements provides a distinctive view of the District's governmental funds. These statements report short-term fiscal accountability focusing on the use of spendable resources and balances of spendable resources available at the end of the year. They are useful in evaluating annual financing requirements of the District and the commitment of spendable resources for the near-term.

Since the government-wide focus includes the long-term view, comparisons between these two perspectives may provide insight into the long-term impact of short-term financing decisions. The adjustments columns, the Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position and the Reconciliation of the Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance to the Statement of Activities explain the differences between the two presentations and assist in understanding the differences between these two perspectives.

**NOTES TO THE FINANCIAL STATEMENTS**

The accompanying notes to the financial statements provide information essential to a full understanding of the government-wide and fund financial statements.

**OTHER INFORMATION**

In addition to the financial statements and accompanying notes, this report also presents certain required supplementary information ("RSI"). The budgetary comparison schedule is included as RSI for the General Fund.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

Net position may serve over time as a useful indicator of the District's financial position. In the case of the District, assets exceeded liabilities and deferred inflows of resources by \$20,812,371 as of December 31, 2020.

A portion of the District's net position reflects its net investment in capital assets (land, buildings and equipment less any debt used to acquire those assets that is still outstanding). The District uses these assets to provide emergency services.

The following is a comparative analysis of government-wide changes in net position:

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS (Continued)**

	<u>Summary of Changes in the Statement of Net Position</u>		
	<u>2020</u>	<u>2019</u>	<u>Change Positive (Negative)</u>
Current and Other Assets	\$ 43,575,240	\$ 31,511,724	\$ 12,063,516
Capital Assets (Net of Accumulated Depreciation)	<u>4,986,336</u>	<u>5,397,289</u>	<u>(410,953)</u>
Total Assets	<u>\$ 48,561,576</u>	<u>\$ 36,909,013</u>	<u>\$ 11,652,563</u>
Long-Term Liabilities	\$ 8,733,272	\$ 1,154,824	\$ (7,578,448)
Other Liabilities	<u>914,503</u>	<u>273,352</u>	<u>(641,151)</u>
Total Liabilities	<u>\$ 9,647,775</u>	<u>\$ 1,428,176</u>	<u>\$ (8,219,599)</u>
Deferred Inflows of Resources	<u>\$ 18,101,430</u>	<u>\$ 17,833,091</u>	<u>\$ (268,339)</u>
Net Position:			
Investment in Capital Assets	\$ 3,978,586	\$ 3,992,366	\$ (13,780)
Unrestricted	<u>16,833,785</u>	<u>13,655,380</u>	<u>3,178,405</u>
Total Net Position	<u>\$ 20,812,371</u>	<u>\$ 17,647,746</u>	<u>\$ 3,164,625</u>

The following table provides a summary of the District's operations for the years ended December 31, 2020, and December 31, 2019.

	<u>Summary of Changes in the Statement of Activities</u>		
	<u>2020</u>	<u>2019</u>	<u>Change Positive (Negative)</u>
Revenues:			
Property Taxes	\$ 18,021,454	\$ 17,173,061	\$ 848,393
Other Revenues	<u>327,239</u>	<u>562,364</u>	<u>(235,125)</u>
Total Revenues	\$ 18,348,693	\$ 17,735,425	\$ 613,268
Expenses for Services	<u>15,184,068</u>	<u>16,830,479</u>	<u>1,646,411</u>
Change in Net Position	\$ 3,164,625	\$ 904,946	\$ 2,259,679
Net Position, Beginning of Year	<u>17,647,746</u>	<u>16,742,800</u>	<u>904,946</u>
Net Position, End of Year	<u>\$ 20,812,371</u>	<u>\$ 17,647,746</u>	<u>\$ 3,164,625</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**FINANCIAL ANALYSIS OF THE DISTRICT'S GOVERNMENTAL FUNDS**

The District's General Fund fund balance as of December 31, 2020, was \$24,261,470, an increase of \$11,158,955 from the prior year. This increase was primarily due to note proceeds received at the end of the fiscal year.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The Board of Commissioners did not amend the budget during the current year. Actual revenues were \$1,230,129 less than budgeted revenues. Actual expenditures were \$2,659,234 less than budgeted expenditures.

**CAPITAL ASSETS**

Capital assets as of December 31, 2020, total \$4,986,336 (net of accumulated depreciation) and include land, buildings and equipment.

Capital Assets At Year-End, Net of Accumulated Depreciation			
	2020	2019	Change Positive (Negative)
Capital Assets Not Being Depreciated:			
Land	\$ 167,769	\$ 167,769	\$
Construction in Progress	33,640		33,640
Capital Assets, Net of Accumulated Depreciation:			
Buildings	3,577,574	3,696,345	(118,771)
Vehicles	909,797	1,057,023	(147,226)
Equipment	297,556	476,152	(178,596)
Total Net Capital Assets	\$ 4,986,336	\$ 5,397,289	\$ (410,953)

Additional information on the District's capital assets can be found in Note 5 of this report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED DECEMBER 31, 2020**

**LONG-TERM DEBT ACTIVITY**

At year-end, the District had total long-term debt payable of \$9,439,000. The changes in the debt position of the District during the fiscal year ended December 31, 2020, are summarized as follows:

Due to ESD No. 29, January 1, 2020	\$ 265,818
Less: District's Share of Principal Paid	<u>265,818</u>
Due to ESD No. 29, December 31, 2020	<u>\$ -0-</u>
Notes Payable, January 1, 2020	\$ 1,139,105
Add: Note Proceeds	8,500,000
Less: Principal Paid	<u>200,105</u>
Notes Payable, December 31, 2020	<u>\$ 9,439,000</u>

**CONTACTING THE DISTRICT'S MANAGEMENT**

This financial report is designed to provide a general overview of the District's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to Harris County Emergency Services District No. 11, c/o Radcliffe Bobbitt Adams Polley PLLC, 2929 Allen Parkway, Suite 3450, Houston, TX 77019.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**STATEMENT OF NET POSITION AND**  
**GOVERNMENTAL FUNDS BALANCE SHEET**  
**DECEMBER 31, 2020**

	<u>General Fund</u>	<u>Adjustments</u>	<u>Statement of Net Position</u>
<b>ASSETS</b>			
Cash	\$ 17,873,197	\$	\$ 17,873,197
Investments	8,683,252		8,683,252
Cash with Harris County	2,284,813		2,284,813
Receivables:			
Property Taxes	14,458,519		14,458,519
Penalty and Interest on Delinquent Taxes		271,641	271,641
Accrued Interest	3,818		3,818
Land		167,769	167,769
Construction in Progress		33,640	33,640
Capital Assets, (Net of Accumulated Depreciation)		4,784,927	4,784,927
<b>TOTAL ASSETS</b>	<u>\$ 43,303,599</u>	<u>\$ 5,257,977</u>	<u>\$ 48,561,576</u>
<b>LIABILITIES</b>			
Accounts Payable	\$ 201,918	\$	\$ 201,918
Accrued Interest Payable		6,857	6,857
Notes Payable:			
Due Within One Year		705,728	705,728
Due After One Year		8,733,272	8,733,272
<b>TOTAL LIABILITIES</b>	<u>\$ 201,918</u>	<u>\$ 9,445,857</u>	<u>\$ 9,647,775</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Property Taxes	<u>\$ 18,840,211</u>	<u>\$ (738,781)</u>	<u>\$ 18,101,430</u>
<b>FUND BALANCE</b>			
Restricted	\$ 8,431,250	\$ (8,431,250)	\$
Unassigned	<u>15,830,220</u>	<u>(15,830,220)</u>	<u></u>
<b>TOTAL FUND BALANCE</b>	<u>\$ 24,261,470</u>	<u>\$ (24,261,470)</u>	<u>\$ -0-</u>
<b>TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCE</b>	<u>\$ 43,303,599</u>		
<b>NET POSITION</b>			
Net Investment in Capital Assets		\$ 3,978,586	\$ 3,978,586
Unrestricted		<u>16,833,785</u>	<u>16,833,785</u>
<b>TOTAL NET POSITION</b>		<u>\$ 20,812,371</u>	<u>\$ 20,812,371</u>

The accompanying notes to the financial  
statements are an integral part of this report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
DECEMBER 31, 2020**

Total Fund Balance - Governmental Funds	\$ 24,261,470
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Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital Assets used in governmental activities are not current financial resources and, therefore, are not reported as assets in the governmental funds.	4,986,336
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Deferred inflows of resources related to property tax revenues and penalty and interest receivable on delinquent taxes for the 2019 and prior tax levies became part of recognized revenues in the governmental activities of the District.	1,010,422
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Certain liabilities are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. These liabilities at year-end consist of:

Accrued Interest Payable	\$ (6,857)	
Notes Payable Within One Year	(705,728)	
Notes Payable After One Year	<u>(8,733,272)</u>	<u>(9,445,857)</u>

Total Net Position - Governmental Activities	<u>\$ 20,812,371</u>
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The accompanying notes to the financial statements are an integral part of this report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**STATEMENT OF ACTIVITIES AND GOVERNMENTAL FUND STATEMENT OF**  
**REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**

	General Fund	Adjustments	Statement of Activities
<b>REVENUES</b>			
Property Taxes	\$ 17,645,756	\$ 375,698	\$ 18,021,454
Penalty and Interest	168,248	70,174	238,422
Investment Revenues	88,817		88,817
<b>TOTAL REVENUES</b>	<b>\$ 17,902,821</b>	<b>\$ 445,872</b>	<b>\$ 18,348,693</b>
<b>EXPENDITURES/EXPENSES</b>			
Service Operations:			
District Services - Cypress Creek			
Emergency Medical Services	\$ 13,068,845	\$	\$ 13,068,845
Accounting and Auditing	47,646		47,646
Appraisal District Fees	132,596		132,596
Commissioner Fees	10,650		10,650
Consulting Fees	89,701		89,701
Legal Fees - General	270,772		270,772
Legal Fees - Litigation	439,712		439,712
Legal Fees - Delinquent Tax Collections	43,779		43,779
Maintenance and Repairs	6,839		6,839
Salaries and Benefits	31,145		31,145
Security Services	7,600		7,600
Tax Assessor/Collector Fees	139,561		139,561
Depreciation		462,593	462,593
Other	108,163		108,163
Capital Outlay	274,066	(51,640)	222,426
Debt Service:			
Debt Issuance Costs	68,750		68,750
Principal	465,923	(465,923)	
Interest	38,118	(4,828)	33,290
<b>TOTAL EXPENDITURES/EXPENSES</b>	<b>\$ 15,243,866</b>	<b>\$ (59,798)</b>	<b>\$ 15,184,068</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 2,658,955</b>	<b>\$ (2,658,955)</b>	<b>\$ - 0 -</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Note Proceeds	\$ 8,500,000	\$ (8,500,000)	\$ - 0 -
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 11,158,955</b>	<b>\$ (11,158,955)</b>	<b>\$</b>
<b>CHANGE IN NET POSITION</b>		3,164,625	3,164,625
<b>FUND BALANCE/NET POSITION - JANUARY 1, 2020</b>	<b>13,102,515</b>	<b>4,545,231</b>	<b>17,647,746</b>
<b>FUND BALANCE/NET POSITION - DECEMBER 31, 2020</b>	<b>\$ 24,261,470</b>	<b>\$ (3,449,099)</b>	<b>\$ 20,812,371</b>

The accompanying notes to the financial statements are an integral part of this report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
RECONCILIATION OF THE GOVERNMENTAL FUND STATEMENT OF  
REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE  
TO THE STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED DECEMBER 31, 2020**

Net Change in Fund Balance - Governmental Funds	\$ 11,158,955
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>	
<p>Governmental funds report tax revenues when collected. However, in the government-wide financial statements, revenues are recorded in the accounting period for which the taxes are levied.</p>	375,698
<p>Governmental funds report penalty and interest revenues on property taxes when collected. However, in the government-wide financial statements, revenues are recorded when penalty and interest are assessed.</p>	70,174
<p>Governmental funds do not account for depreciation. However, in the government-wide financial statements, capital assets are depreciated and depreciation expense is recorded in the Statement of Activities.</p>	(462,593)
<p>Governmental funds report capital asset costs as expenditures in the period purchased. However, in the government-wide financial statements, capital assets are increased by new purchases that meet the District's threshold for capitalization, and are owned and maintained by the District. All other capital asset purchases are expensed in the Statement of Activities.</p>	51,640
<p>Governmental funds report principal payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, liabilities are reduced when principal payments are made and the Statement of Activities is not affected.</p>	465,923
<p>Governmental funds report interest payments on long-term debt as expenditures in the year paid. However, in the government-wide financial statements, interest is accrued on long-term liabilities through the fiscal year-end.</p>	4,828
<p>Governmental funds report note proceeds as other financing sources. However, in the government-wide financial statements, the issuance of debt increases long-term liabilities and does not affect the Statement of Activities.</p>	<u>(8,500,000)</u>
Change in Net Position - Governmental Activities	<u>\$ 3,164,625</u>

The accompanying notes to the financial statements are an integral part of this report.

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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 1. CREATION OF DISTRICT**

Harris County Emergency Services District No. 11 (the “District”) was created by the Commissioners’ Court of the County of Harris on May 25, 2004, in accordance with Article III, Section 48-e, of the Texas Constitution. This action was taken by the Commissioners as a result of voter approval by residents of the District on May 15, 2004. The District operates under Chapter 775 of the Health and Safety Code. The District was established to provide funds for the contracting of emergency services within the boundaries of the District.

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES**

The accompanying financial statements have been prepared in accordance with accounting principles generally accepted in the United States of America as promulgated by the Governmental Accounting Standards Board (“GASB”).

The District is a political subdivision of the State of Texas governed by an elected board. GASB has established the criteria for determining whether an entity is a primary government or a component unit of a primary government. The primary criteria are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Under these criteria, the District is considered a primary government and is not a component unit of any other government. Additionally, no other entities meet the criteria for inclusion in the District’s financial statement as component units.

Financial Statement Presentation

These financial statements have been prepared in accordance with GASB Codification of Governmental Accounting and Financial Reporting Standards Part II, Financial Reporting (“GASB Codification”).

The GASB Codification sets forth standards for external financial reporting for all state and local government entities, which include a requirement for a Statement of Net Position and a Statement of Activities. It requires the classification of net position into three components: Net Investment in Capital Assets; Restricted; and Unrestricted. These classifications are defined as follows:

- Net Investment in Capital Assets – This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvements of those assets.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

- Restricted Net Position – This component of net position consists of external constraints placed on the use of assets imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulation of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted Net Position – This component of net position consists of assets that do not meet the definition of Restricted or Net Investment in Capital Assets.

When both restricted and unrestricted resources are available for use, generally it is the District's policy to use restricted resources first.

Government-Wide Financial Statements

The Statement of Net Position and the Statement of Activities display information about the District as a whole. The District's Statement of Net Position and Statement of Activities are combined with the governmental fund financial statements. The District is viewed as a special-purpose government and has the option of combining these financial statements.

The Statement of Net Position is reported by adjusting the governmental fund types to report on the full accrual basis, economic resource basis, which recognizes all long-term assets and receivables as well as long-term debt and obligations. Any amounts recorded due to and due from other funds are eliminated in the Statement of Net Position.

The Statement of Activities is reported by adjusting the governmental fund types to report only items related to current year revenues and expenditures. Items such as capital outlay are allocated over their estimated useful lives as depreciation expense. Internal activities between governmental funds, if any, are eliminated by adjustment to obtain net total revenues and expenses in the government-wide Statement of Activities.

Fund Financial Statements

As discussed above, the District's fund financial statements are combined with the government-wide financial statements. The fund financial statements include a Governmental Funds Balance Sheet and a Governmental Fund Statement of Revenues, Expenditures and Changes in Fund Balance.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial Statement Presentation (Continued)

Fund Financial Statements (Continued)

Governmental Funds

The District has one governmental fund; therefore, this fund is a major fund.

General Fund - To account for resources not required to be accounted for in another fund, property tax revenues, costs of assessing and collecting taxes and general expenditures.

Basis of Accounting

The District uses the modified accrual basis of accounting for governmental fund types. The modified accrual basis of accounting recognizes revenues when both “measurable and available.” Measurable means the amount can be determined. Available means collectable within the current period or soon enough thereafter to pay current liabilities. The District considers revenues reported in governmental funds to be available if they are collectable within 60 days after year-end. Also, under the modified accrual basis of accounting, expenditures are recorded when the related fund liability is incurred, except for principal and interest on long-term debt, which are recognized as expenditures when payment is due.

Property taxes considered available by the District and included in revenues include the 2019 tax levy collections during the period October 1, 2019, to December 31, 2020, and taxes collected from January 1, 2020, to December 31, 2020, for all prior tax levies. The 2020 tax levy has been fully deferred to meet the District’s planned expenditures in the 2021 fiscal year.

Other taxes, such as special inventory taxes, are recognized when received.

Capital Assets

Capital assets, which include land, buildings and equipment, are reported in the government-wide Statement of Net Position. All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their fair market value on the date donated. Repairs and maintenance are recorded as an expenditure in the governmental fund incurred and as an expense in the government-wide Statement of Activities. Capital asset additions, improvements and preservation costs that extend the life of an asset are capitalized and depreciated over the estimated useful life of the asset after completion.

Personal tangible assets (computers, office machines, office furniture, etc.) and all other capital assets (including installation costs and professional fees) are capitalized if they have an original cost of \$50,000 or more and a useful life of at least two years. Depreciation is calculated on each

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital Assets (Continued)

class of depreciable property using no salvage value and the straight-line method of depreciation. Estimated useful lives are as follows:

	Years
Buildings	40
All Other	5-20

Budgeting

An annual unappropriated budget is adopted for the General Fund by the District’s Board of Directors. The budget is prepared using the same method of accounting as for financial reporting. The original General Fund budget for the current year was not amended. The Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual – General Fund presents the original and revised budget amounts, if revised, compared to the actual amounts of revenues and expenditures for the current year.

Pensions

The District has not established a pension plan as the District does not have employees. The Internal Revenue Service has determined that fees of office received by Commissioners are wages subject to federal income tax withholding for payroll tax purposes only.

Measurement Focus

Measurement focus is a term used to describe which transactions are recognized within the various financial statements. In the government-wide Statement of Net Position and Statement of Activities, the governmental activities are presented using the economic resources measurement focus. The accounting objectives of this measurement focus are the determination of operating income, changes in net position, financial position, and cash flows. All assets, liabilities, and deferred inflows and outflows of resources associated with the activities are reported. Fund equity is classified as net position.

Governmental fund types are accounted for on a spending or financial flow measurement focus. Accordingly, only current assets and current liabilities are included on the Governmental Funds Balance Sheet, and the reported fund balances provide an indication of available spendable or appropriable resources. Operating statements of governmental fund types report increases and decreases in available spendable resources. Fund balances in governmental funds are classified using the following hierarchy:

*Nonspendable*: amounts that cannot be spent either because they are in nonspendable form or because they are legally or contractually required to be maintained intact. The District does not have any nonspendable funds.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Focus (Continued)

*Restricted:* amounts that can be spent only for specific purposes because of constitutional provisions, or enabling legislation, or because of constraints that are imposed externally.

*Committed:* amounts that can be spent only for purposes determined by a formal action of the Board of Commissioners. The Board is the highest level of decision-making authority for the District. This action must be made no later than the end of the fiscal year. Commitments may be established, modified, or rescinded only through ordinances or resolutions approved by the Board. The District does not have any committed fund balances.

*Assigned:* amounts that do not meet the criteria to be classified as restricted or committed, but that are intended to be used for specific purposes. The District has not adopted a formal policy regarding the assignment of fund balances and does not have any assigned fund balances.

*Unassigned:* all other spendable amounts in the General Fund.

When expenditures are incurred for which restricted, committed, assigned or unassigned fund balances are available, the District considers amounts to have been spent first out of restricted funds, then committed funds, then assigned funds, and finally unassigned funds.

Accounting Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

**NOTE 3. TAX LEVY**

On May 11, 2013, the voters of the District approved the levy and collection of a tax not to exceed \$0.06 per \$100 of assessed valuation of taxable property within the District. During the year ended December 31, 2020, the District levied an ad valorem tax at the rate of \$.033334 per \$100 of assessed valuation, which resulted in a tax levy of \$18,101,430 on the adjusted taxable valuation of \$54,300,338,824 for the 2020 tax year.

All property values and exempt status, if any, are determined by the appraisal district. Assessed values are determined as of January 1 of each year, at which time a tax lien attaches to the related property. Taxes are levied around October/November, are due upon receipt and are delinquent the following February 1. Penalty and interest attach thereafter.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4. DEPOSITS AND INVESTMENTS**

Deposits

Custodial credit risk is the risk that, in the event of the failure of a depository financial institution, a government will not be able to recover deposits or will not be able to recover collateral securities that are in the possession of an outside party. The District’s deposit policy for custodial credit risk requires compliance with the provisions of Texas statutes.

Texas statutes require that any cash balance in any fund shall, to the extent not insured by the Federal Deposit Insurance Corporation or its successor, be continuously secured by a valid pledge to the District of securities eligible under the laws of Texas to secure the funds of the District, having an aggregate market value, including accrued interest, at all times equal to the uninsured cash balance in the fund to which such securities are pledged. At fiscal year-end, the carrying amount of the District’s deposits was \$18,360,270 and the bank balance was \$18,375,460. The District was not exposed to custodial credit risk at year-end.

The carrying values of the deposits are included in the Governmental Funds Balance Sheet and the Statement of Net Position at December 31, 2020, as listed below:

	Cash	Certificates of Deposit	Total
GENERAL FUND	\$ 17,873,197	\$ 487,073	\$ 18,360,270

Investments

Under Texas law, the District is required to invest its funds under written investment policies that primarily emphasize safety of principal and liquidity and that address investment diversification, yield, maturity, and the quality and capability of investment management, and all District funds must be invested in accordance with the following investment objectives: understanding the suitability of the investment to the District’s financial requirements, first; preservation and safety of principal, second; liquidity, third; marketability of the investments if the need arises to liquidate the investment before maturity, fourth; diversification of the investment portfolio, fifth; and yield, sixth. The District’s investments must be made “with judgment and care, under prevailing circumstances, that a person of prudence, discretion, and intelligence would exercise in the management of the person’s own affairs, not for speculation, but for investment, considering the probable safety of capital and the probable income to be derived.” No person may invest District funds without express written authority from the Board of Commissioners.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 4. DEPOSITS AND INVESTMENTS (Continued)**

Investments (Continued)

Texas statutes include specifications for and limitations applicable to the District and its authority to purchase investments as defined in the Public Funds Investment Act. The District has adopted a written investment policy to establish the guidelines by which it may invest. This policy is reviewed annually. The District's investment policy may be more restrictive than the Public Funds Investment Act.

The District invests in TexPool, an external investment pool that is not SEC-registered. The Texas Comptroller of Public Accounts has oversight of the pool. Federated Investors, Inc. manages the daily operations of the pool under a contract with the Comptroller. TexPool measures all its portfolio assets at amortized cost. As a result, the District also measures its investments in TexPool at amortized cost for financial reporting purposes. There are no limitations or restrictions on withdrawals from TexPool.

The District records its certificates of deposit at acquisition cost.

As of December 31, 2020, the District had the following investments and maturities:

Fund and Investment Type	Fair Value	Maturities in Years			
		Less Than 1	1-5	6-10	More Than 10
<u>GENERAL FUND</u>					
TexPool	\$ 8,196,179	\$ 8,196,179	\$	\$	\$
Certificates of Deposit	487,073	487,073			
<b>TOTAL INVESTMENTS</b>	<u>\$ 8,683,252</u>	<u>\$ 8,683,252</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>	<u>\$ - 0 -</u>

Credit risk is the risk that the issuer or other counterparty to an investment will not fulfill its obligations. At December 31, 2020, the District's investment in TexPool was rated "AAAm" by Standard and Poor's. The District also manages credit risk by typically investing in certificates of deposit with balances below FDIC coverage.

Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The District considers the investment in TexPool to have a maturity of less than one year due to the fact the share position can usually be redeemed each day at the discretion of the District, unless there has been a significant change in value. The District also manages interest rate risk by investing in certificates of deposit with maturities of approximately one year or less.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 5. CAPITAL ASSETS**

	January 1, 2020	Increases	Decreases	December 31, 2020
<b>Capital Assets Not Being Depreciated</b>				
Land	\$ 167,769			\$ 167,769
Construction in Progress		51,640	18,000	33,640
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 167,769</u>	<u>\$ 51,640</u>	<u>\$ 18,000</u>	<u>\$ 201,409</u>
<b>Capital Assets Subject to Depreciation</b>				
Buildings	\$ 4,441,617			\$ 4,441,617
Vehicles	1,507,971	18,000		1,525,971
Equipment	3,186,619		64,760	3,121,859
<b>Total Capital Assets Subject to Depreciation</b>	<u>\$ 9,136,207</u>	<u>\$ 18,000</u>	<u>\$ 64,760</u>	<u>\$ 9,089,447</u>
<b>Less Accumulated Depreciation</b>				
Buildings	\$ 745,272	\$ 118,771		\$ 864,043
Vehicles	450,948	165,226		616,174
Equipment	2,710,467	178,596	64,760	2,824,303
<b>Total Accumulated Depreciation</b>	<u>\$ 3,906,687</u>	<u>\$ 462,593</u>	<u>\$ 64,760</u>	<u>\$ 4,304,520</u>
<b>Total Depreciable Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 5,229,520</u>	<u>\$ (444,593)</u>	<u>\$ - 0 -</u>	<u>\$ 4,784,927</u>
<b>Total Capital Assets, Net of Accumulated Depreciation</b>	<u>\$ 5,397,289</u>	<u>\$ (392,953)</u>	<u>\$ 18,000</u>	<u>\$ 4,986,336</u>

**NOTE 6. CONTRACT FOR PROVIDING EMERGENCY SERVICES**

The District has contracted with the Cypress Creek Emergency Medical Services Inc. (“CCEMS”) for providing emergency medical services. In accordance with the terms of the contract, CCEMS agrees to provide emergency medical services within the geographic area of the District (“Service Area”) on a 24-hour per day seven days a week basis. CCEMS agrees to obtain all necessary licenses, permits and approvals required to provide emergency medical services to the service area. The parties agree the District will not be responsible or liable for, but is also not prohibited from, operating, repairing and insuring any facilities.

CCEMS agrees to insure all of its and the District’s facilities and property against loss or damage of kinds usually insured by entities similarly situated and to carry public liability insurance with respect to the facilities. CCEMS will indemnify and hold harmless the District and its officers, members, employees, and agents against all losses, costs, damages, expenses and liabilities of whatever nature.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 6. CONTRACT FOR PROVIDING EMERGENCY SERVICES (Continued)**

CCEMS will prepare annual capital and operating budgets for all revenues and expenses of CCEMS for the District to review and approve. The District has the right to approve the monthly monetary amounts to be paid to CCEMS in accordance with the approved capital and operating budgets. The parties agree that the District shall have the right to require title and ownership of any capital acquisitions funded by the District - in whole or in part - to be taken in the District's name.

The current contract is for a period of ten years commencing effective June 20, 2013. The contract can be cancelled without cause upon 360 days written notice. By letter dated September 9, 2020, the District provided 360-day notice to CCEMS of the termination of this contract.

By letter agreement dated September 3, 2020, Harris County Emergency Corps ("HCEC"), in the event of a sudden stoppage of services by CCEMS, agrees to provide emergency medical services within the District's boundaries on a temporary basis immediately upon receipt of notice from the District. Upon notification, HCEC will transfer dispatch of emergency medical calls to HCEC's dispatch center. In addition to utilizing its own excess response capacity, it will utilize neighboring emergency service provider agencies to provide these services (collectively the "Providers"). The District agrees to pay HCEC \$645 for every call for service with patient contact that Providers receive within the District's boundaries. In addition, the District agrees to pay HCEC a dispatch fee of \$30 fee for every call for service received. The District agrees to allow HCEC use of its owned or leased facilities and equipment to aid in the provision of these services. The District may terminate this Temporary Agreement at any time, with or without cause, upon 24 hours written notice to HCEC. HCEC may terminate this temporary agreement for cause upon 90 days written notice to the District.

**NOTE 7. CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES**

Maintenance and Operating Agreements for Leased Traffic Preemption Equipment

The District executed an agreement with Harris County ("County") to delineate the responsibilities of each party with regard to the design, construction, implementation, operation and maintenance of traffic signal preemption equipment on signalized roads maintained by the County. The District will be responsible for its share of all applicable costs of the equipment. The County is not responsible for any costs of installation, operation or maintenance of the system. The County shall have the authority to deactivate all or any part of the system and may terminate this agreement upon 30 days notice. The District may deactivate the system upon ten days notice.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 7.      CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES (Continued)**

Maintenance and Operating Agreements for Leased Traffic Preemption Equipment (Continued)

This District entered the Master Sale of Goods and Services Agreement with Global Traffic Technologies, LLC (“GTT”) dated August 1, 2018 for the installation, oversight and maintenance of new traffic preemption equipment. The District, as well as other overlapping emergency services jurisdictions, is leasing its pro rata share of traffic preemption equipment installed in emergency vehicles and at applicable intersections from GTT.

Construction, Financing and Cost-Sharing Agreement with Harris County Emergency Services District No. 29

On December 19, 2007, the District executed an agreement with ESD No. 29, to obtain a fractional ownership interest in a fire and emergency services station constructed by ESD No. 29. The District houses emergency services equipment and personnel in the station. ESD No. 29 holds legal title to the facilities and the site, subject to the District’s 16.8% interest. The District will reimburse ESD No. 29 for monthly operating and maintenance fees for an amount equal to 16.8% of the total monthly operating costs incurred. In addition, the District will reimburse ESD No. 29 for 16.8% of the principal and interest payments on the note obtained by ESD No. 29 for the construction of the station. The term of this contract is 40 years, unless terminated sooner by mutual agreement.

On February 25, 2008, ESD No. 29 entered into a real estate lien note agreement with Wells Fargo Brokerage Services LLC in the amount of \$4,000,000 for the construction of the new station. The District’s portion of this note is 16.8% or \$672,000. On August 29, 2013, ESD No. 29 refinanced the remaining \$3,200,000 (\$537,600) with Wells Fargo Bank, N.A at an interest rate of 3.0% until August 1, 2020 (the “Reset Date”), at which time the interest rate shall be adjusted to the Five-Year Treasury Constant Maturity Index, in effect as of the Reset Date, plus 300 basis points (3.00%) and that number shall be multiplied by .652. Payments are due and payable in annual installments of \$345,848 (\$58,102) beginning on August 1, 2014, and continuing through to and including August 1, 2020, the Reset Date. After the Reset Date, the

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 7.      CONTRACTS WITH OTHER GOVERNMENTAL ENTITIES (Continued)**

Construction, Financing and Cost-Sharing Agreement with Harris County Emergency Services District No. 29 (Continued)

four remaining annual payments due August 1, 2021 through August 1, 2024, will be adjusted to reflect the new interest rate. During the current fiscal year, on August 1, 2020, ESD No. 29 paid the balance due on the note paying the note in full. The District paid it 16% share of the final principal and interest balance due to ESD No. 29, in the amount of \$273,929. This note was paid in full at year-end.

The following is a summary of transactions regarding the District’s share for the note payable for the year ended December 31, 2020:

Due to ESD No. 29, January 1, 2020	\$ 265,818
Less: District's Share of Principal Paid	<u>265,818</u>
Due to ESD No. 29, December 31, 2020	<u><u>\$ -0-</u></u>

Construction Cost-Sharing Agreement with Harris County Emergency Services District No. 7

Effective September 26, 2013, the District entered into an agreement with ESD No. 7 to share proportional acquisition, construction and maintenance of a fire station (ESD No. 7) and an EMS station (District) in the Springwoods Village Exxon development. ESD No. 7 agreed to acquire two tracts of land for the stations. Following the required platting process with the appropriate authorities, the ESD No. 7 tract and District became separate and distinct parcels. Simultaneously with the closing on the land, ESD No. 7 conveyed the District tract to the District. Each district agrees to accept primary responsibility for the payment of all construction costs and debt obligations associated with the planning, design and construction of its respective facility. The term of this contract is 40 years, unless terminated sooner by mutual agreement.

In 2014, the District obtained financing for the new EMS facility in Springwoods Village. See Note 10. Construction of the facility was completed in 2016.

**NOTE 8.      OPERATING LEASE AGREEMENTS**

Harris County Emergency Services District No. 16-Ground Lease

On April 11, 2011, and as revised on December 20, 2012, the District entered into an Interlocal Ground Lease Agreement with Harris County Emergency Services District No. 16 (“ESD No. 16”) for a 0.552-acre parcel of land (24,055 sq. ft.) for the construction of an emergency medical services facility. The initial term of this agreement is 20 years, and automatically renewable for successive five-year periods unless terminated in writing at least six months prior to renewal. During the successive five-year terms, the agreement may be terminated in writing 60 days prior to the end of term.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 8. OPERATING LEASE AGREEMENTS (Continued)**

Harris County Emergency Services District No. 16-Ground Lease (Continued)

The District is solely responsible for the construction of the facility, and ownership of the facility will remain with the District. In the event of termination of this agreement, the District will have the following options: 1) to remove at its sole cost the facility built or placed on the property; 2) ESD 16 may purchase the facilities at fair market value; or 3) abandon the facilities. The District is solely responsible for all operating costs of the facility including general liability insurance covering the facility. The District is also responsible for all real estate taxes on any and all improvements made to the property and any personal property located or situated on the property.

The District agrees to pay to ESD No. 16 based on the total area required by the District multiplied by \$0.35 per square foot, approximately \$8,419, due on the date of the initial commencement of construction, and thereafter on each anniversary date. Construction of this station was completed in 2012. During the current fiscal year, the District recorded an expenditure of \$8,419 related to this lease. Following is a schedule of the remaining minimum lease payments:

Fiscal Year	Lease Payments
2021	\$ 8,419
2022	8,419
2023	8,419
2024	8,419
2025	8,419
2026-2030	42,098
Total Minimum Lease Payments	\$ 84,193

Cypress Creek Emergency Services, Inc.

On April 1, 2016, and as amended September 3, 2020, the District entered into a Lease Agreement with Cypress Creek Emergency Medical Services, Inc. (“EMS”) for the lease of vehicle apparatus and of land and improvements. The EMS agrees to pay to the District \$10.00 per year due on the date of the initial commencement of construction, and thereafter on each anniversary date. The term of this agreement is congruent with and shall not exceed the term of the Service Agreement between the parties, including any extensions or modifications thereof. This agreement may be terminated by either party upon 30 days written notice.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 8. OPERATING LEASE AGREEMENTS (Continued)**

Harris County Emergency Services District No. 17

On August 24, 2020, the District entered into an Interlocal Agreement with Harris County Emergency Services District No. 17 (“ESD No. 17”) to provide housing at certain ESD No. 17 stations located within ESD No. 17’s service area, as may be necessary for the District’s EMS service provider to perform such services within the District boundaries. The initial term of this agreement is one year, and automatically renewable for successive one-year periods for a total of five one-year terms, unless otherwise terminated prior to renewal. The agreement may be terminated by providing 30 days prior written notice. The District shall pay to ESD No. 17 a monthly amount of \$1,000 for each station housing District facilities. During the current year, the District paid \$8,000 for space provided at two ESD No. 17 stations.

Harris County Emergency Services District No. 20

On November 19, 2020, the District entered into an Interlocal Agreement with Harris County Emergency Services District No. 20 (“ESD No. 20”) to provide housing at certain ESD No. 20 stations located within ESD No. 20’s service area, as may be necessary for the District’s EMS service provider to perform such services within the District boundaries, including those portions of the District’s service area that overlap ESD No. 20’s service area. The initial term of this agreement is one year, and automatically renewable for successive one-year periods for a total of five one-year terms, unless otherwise terminated prior to renewal. The agreement may be terminated by providing 30 days prior written notice. The District will be billed quarterly a monthly fee of \$1,000 for each station housing District facilities.

**NOTE 9. RISK MANAGEMENT**

The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; and errors and omissions, for which the District carries commercial insurance. The District has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts in the past three years.

**NOTE 10. NOTES PAYABLE**

On September 8, 2014, the District signed a promissory note with Trustmark National Bank in the amount of \$2,000,000 at the rate of 2.71%. Proceeds were used to construct a new EMS facility in Springwoods Village. Beginning March 25, 2016, payments of principal and related interest of \$115,056.07 are due semi-annually on March 25 and September 25 through September 25, 2025. Construction was completed in 2016. The District only used \$1,904,804 of this note.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 10. NOTES PAYABLE (Continued)**

On December 29, 2020, the District closed on a tax-exempt loan with Zions Bancorporation, NA in the amount of \$8,500,000 at the rate of 1.58%. Proceeds will be used to purchase 42.753 acres of land which includes buildings, warehouse/maintenance spaces, large sheds and smaller structures totaling approximately 87,000 square feet combined; funding improvements to the property; and paying costs of the loan. The property will serve as the District's primary Emergency Medical Services Operations and Communications Center. Beginning October 1, 2021, principal will be paid annually, through October 1, 2035, interest will be paid semi-annually on April 1 and October 1. Subsequent to year-end, on January 14, 2021, the District closed on the purchase of this property.

The debt service requirements on this note as of December 31, 2020 were as follows:

Fiscal Year	Principal	Interest	Total
2021	\$ 705,728	\$ 125,855	\$ 831,583
2022	736,420	145,092	881,512
2023	742,269	130,948	873,217
2024	748,256	116,666	864,922
2025	631,327	102,171	733,498
2026-2030	2,825,000	376,040	3,201,040
2031-2035	<u>3,050,000</u>	<u>145,755</u>	<u>3,195,755</u>
	<u>\$ 9,439,000</u>	<u>\$ 1,142,527</u>	<u>\$ 10,581,527</u>
Notes Payable, January 1, 2020			\$ 1,139,105
Add: Note Proceeds			8,500,000
Less: Principal Paid			<u>200,105</u>
Notes Payable, December 31, 2020			<u>\$ 9,439,000</u>
Notes Payable:			
Due Within One Year			\$ 705,728
Due After One Year			<u>8,733,272</u>
Notes Payable, December 31, 2020			<u>\$ 9,439,000</u>

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**DECEMBER 31, 2020**

**NOTE 11. ECONOMIC UNCERTAINTIES**

On March 11, 2020, the World Health Organization declared the COVID-19 virus a global pandemic. As a result, economic uncertainties have arisen which could have an impact on the operations of the District. The District is carefully monitoring the situation and evaluating its options during this time. No adjustments have been made to these financial statements as a result of this uncertainty, as the potential financial impact of this pandemic is unknown at this time.

**NOTE 12. PENDING LITIGATION**

On September 30, 2020, the District was named in the lawsuit *Cypress Creek Emergency Services Association v. Harris County Emergency Services District No. 11*, filed as Cause No. 2020-61450 in the 55<sup>th</sup> Judicial District Court of Harris County, Texas. CCEMS seeks to declaratory relief and money damages in connection with its claims that the District wrongly withheld approximately \$2.5 million in payments CCEMS claims it is owed. The District has counter-claimed against CCEMS for its breaches of duties and other claims related to CCEMS's misappropriation, misuse, and overbilling of the District. The District has also brought third-party claims, including fraud and conspiracy, against CCEMS's billing company, Koronis Revenue Solutions LLC, and CCEMS's current and past board members and executives. As of the date of this report, it is unclear of the financial impact this will have on the District.

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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**

**REQUIRED SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2020**



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
SCHEDULE OF REVENUES, EXPENDITURES AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Original & Final Budget	Actual	Variance Positive (Negative)
<b>REVENUES</b>			
Property Taxes	\$ 18,982,950	\$ 17,645,756	\$ (1,337,194)
Penalty and Interest		168,248	168,248
Investment Revenues	<u>150,000</u>	<u>88,817</u>	<u>(61,183)</u>
<b>TOTAL REVENUES</b>	<u>\$ 19,132,950</u>	<u>\$ 17,902,821</u>	<u>\$ (1,230,129)</u>
<b>EXPENDITURES</b>			
Service Operations:			
District Services - Cypress Creek			
Emergency Medical Services	\$ 15,900,000	\$ 13,068,845	\$ 2,831,155
Accounting and Auditing	52,000	47,646	4,354
Appraisal District Fees	120,000	132,596	(12,596)
Commissioner Fees	5,000	10,650	(5,650)
Consulting Fees	25,000	89,701	(64,701)
Legal Fees - General	235,000	270,772	(35,772)
Legal Fees - Litigation		439,712	(439,712)
Legal Fees - Delinquent Tax Collections		43,779	(43,779)
Maintenance and Repairs		6,839	(6,839)
Salaries and Benefits		31,145	(31,145)
Security Services		7,600	(7,600)
Tax Assessor/Collector Fees		139,561	(139,561)
Other	466,100	108,163	357,937
Capital Outlay	785,000	274,066	510,934
Debt Service:			
Debt Issuance Costs		68,750	(68,750)
Principal	315,000	465,923	(150,923)
Interest		<u>38,118</u>	<u>(38,118)</u>
<b>TOTAL EXPENDITURES</b>	<u>\$ 17,903,100</u>	<u>\$ 15,243,866</u>	<u>\$ 2,659,234</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<u>\$ 1,229,850</u>	<u>\$ 2,658,955</u>	<u>\$ 1,429,105</u>
<b>OTHER FINANCING SOURCES(USES)</b>			
Note Proceeds	<u>\$ -0-</u>	<u>\$ 8,500,000</u>	<u>\$ 8,500,000</u>
<b>NET CHANGE IN FUND BALANCE</b>	<u>\$ 1,229,850</u>	<u>\$ 11,158,955</u>	<u>\$ 9,929,105</u>
<b>FUND BALANCE - JANUARY 1, 2020</b>	<u>13,102,515</u>	<u>13,102,515</u>	
<b>FUND BALANCE - DECEMBER 31, 2020</b>	<u>\$ 14,332,365</u>	<u>\$ 24,261,470</u>	<u>\$ 9,929,105</u>

See accompanying independent auditor's report.

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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**

**SUPPLEMENTARY INFORMATION**

**REQUIRED BY HARRIS COUNTY**

**DECEMBER 31, 2020**



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**COMPUTATION OF LONG-TERM DEBT PER CAPITA**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(UNAUDITED)**

Long-Term Debt at December 31, 2020	\$ 9,439,000
Less: Amount in Debt Service Fund	<u>-0-</u>
Net Long-Term Debt at December 31, 2020	\$ 9,439,000
Estimated District Population*	<u>568,672</u>
Net Long-Term Debt Per Capita at December 31, 2020	<u><u>\$ 16.60</u></u>

\* Based upon independent, comprehensive review for 2020

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**LISTING OF THE NUMBER OF EMERGENCY RESPONSES**  
**MADE WITHIN AND OUTSIDE THE DISTRICT**  
**FOR THE YEAR ENDED DECEMBER 31, 2020**  
**(UNAUDITED)**

Number of Emergency Responses made Within the District	47,031
Number of Emergency Responses made Outside of the District	<u>347</u>
Total Emergency Responses	<u>47,378</u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**SCHEDULE OF INSURANCE AND BONDING COVERAGE**  
**DECEMBER 31, 2020**

Type of Coverage	From To	Amount of Coverage	Insurer/Name
POSITION SCHEDULE BOND Treasurer	10/13/20 10/13/21	\$ 100,000	National Union Fire Insurance Company
PUBLIC EMPLOYEE BLANKET BOND	10/13/20 10/13/21	\$ 100,000	National Union Fire Insurance Corporation
PUBLIC OFFICIAL BOND Treasurer, Robert Pinard	10/13/20 10/13/21	\$ 100,000	National Union Fire Insurance Corporation
GENERAL LIABILITY/PROFESSIONAL HEALTH CARE LIABILITY General Aggregate Per Occurrence	10/13/20 10/13/21	\$ 3,000,000 1,000,000	National Union Fire Insurance Corporation Insurance Corporation
MANAGEMENT LIABILITY General Aggregate Per Occurrence Cyber Liability (Each Event) Privacy Crisis Management Expense (Each Event ) Cyber Extortion Expense (Each Event) Privacy Crisis Management Expense and Cyber Extortion Expense (Aggregate)	10/13/20 10/13/21	\$ 3,000,000 1,000,000 1,000,000 50,000 20,000 50,000	National Union Fire Insurance Corporation
EXCESS LIABILITY General Aggregate Each Occurrence	10/13/20 10/13/21	\$ 8,000,000 4,000,000	National Union Fire Insurance Corporation
HIRED AND NON-OWNED AUTOMOBILE LIABILITY Combined Single Limit Per Accident	10/13/20 10/13/21	\$ 1,000,000	National Union Fire Insurance Corporation
PROPERTY LIABILITY Buildings Content Special Property Floater Deductible	10/13/20 10/13/21	\$ 12,722,175 227,644 176,206 5,000	National Union Fire Insurance Corporation
WORKERS COMPENSATION Bodily Injury by Accident Bodily Injury by Disease Disease Policy Limit	11/25/20 11/25/21	\$ 1,000,000 1,000,000 1,000,000	Texas Mutual Insurance Company
LAW ENFORCEMENT General Aggregate Each Occurrence	10/13/20 10/13/21	\$ 1,000,000 1,000,000	National Union Fire Insurance Corporation

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**STATEMENT OF ACTIVITIES**  
**CYPRESS CREEK EMERGENCY MEDICAL SERVICES ASSOCIATION**  
**FOR THE YEAR ENDED DECEMBER 31, 2020 (Unaudited)**

FUNDING & REVENUE	
ESD Funding	\$ 15,892,403
Patient Billing Revenue-Net	13,512,815
CARES Act Provider Relief Fund	324,872
Dispatch Fees	987,148
Special Operations	61,455
Education Funds	235,548
Special Events	91,256
	<u>31,105,497</u>
TOTAL FUNDING & REVENUE	
EXPENSES	
Salaries & Wages	\$ 17,390,070
Benefits	6,335,608
Accounting	32,615
Administrative Expense	195,254
Special Operations	41,597
Community Relations	16,981
Communications Center Expenses	158,709
Communication Network Expense	254,932
Due (Medical & Professional)	20,163
Educational Supplies	112,923
Insurance-General	546,873
Interest Expense on Loans	174,725
Legal	689,000
Medical Equip Repair/Contract	70,931
Medical Supplies	1,247,972
Office Supplies	8,899
Postage	5,797
Printing	37,098
Rent	58,754
State Unemployment Tax	21,207
Station Maintenance & Repair	247,046
Station supplies	59,471
Telephone	270,177
Koronis Payment Expense	957,052
Uniforms-Staff	64,633
Utilities Expense	169,266
Vehicle-Fuel	316,758
Vehicle-Preventative Maintenance	241,594
Volunteer Expense	43,714
	<u>29,789,819</u>
SUBTOTAL	
REVENUES LESS EXPENSES BEFORE DEPRECIATION	
	\$ 1,315,678
Depreciation Expense	<u>1,680,000</u>
CHANGES IN NET ASSETS	
	\$ (364,322)
NET ASSETS - January 1, 2020	<u>8,712,663</u>
NET ASSETS - December 31, 2020	<u><u>8,348,341</u></u>

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**

**OTHER SUPPLEMENTARY INFORMATION**

**DECEMBER 31, 2020**



**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	Maintenance Taxes	
TAXES RECEIVABLE - JANUARY 1, 2020	\$ 9,237,958	
Adjustments to Beginning Balance	188,362	\$ 9,426,320
Original 2020 Tax Levy	\$ 16,923,486	
Adjustment to 2020 Tax Levy	1,177,944	18,101,430
<b>TOTAL TO BE ACCOUNTED FOR</b>		<b>\$ 27,527,750</b>
<b>TAX COLLECTIONS:</b>		
Prior Years	\$ 8,687,539	
Current Year	4,381,692	13,069,231
<b>TAXES RECEIVABLE - DECEMBER 31, 2020</b>		<b>\$ 14,458,519</b>
<b>TAXES RECEIVABLE BY YEAR:</b>		
2020		\$ 13,719,738
2019		342,254
2018		126,537
2017		120,185
2016		32,798
2015		26,747
2014		21,059
2013		21,007
2012		11,127
2011		11,112
2010		10,448
2009		5,561
2008		3,454
2007		1,931
2006		2,026
2005		1,386
2004		1,149
<b>TOTAL</b>		<b>\$ 14,458,519</b>

See accompanying independent auditor's report.

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**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11  
TAXES LEVIED AND RECEIVABLE  
FOR THE YEAR ENDED DECEMBER 31, 2020**

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
PROPERTY VALUATIONS: TOTAL PROPERTY VALUATIONS	<u>\$ 54,300,338,824</u>	<u>\$ 51,381,474,084</u>	<u>\$ 47,930,282,759</u>	<u>\$ 46,427,479,919</u>
TOTAL TAX RATES PER \$100 VALUATION	<u>\$ 0.033334</u>	<u>\$ 0.034707</u>	<u>\$ 0.03606</u>	<u>\$ 0.03904</u>
ADJUSTED TAX LEVY*	<u>\$ 18,101,430</u>	<u>\$ 17,833,092</u>	<u>\$ 17,283,818</u>	<u>\$ 18,126,052</u>
PERCENTAGE OF TAXES COLLECTED TO TAXES LEVIED	<u>24.21 %</u>	<u>98.08 %</u>	<u>99.27 %</u>	<u>99.34 %</u>

\* Based upon the adjusted tax levy at the time of the audit for the fiscal year in which the tax was levied.

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**COMPARATIVE SCHEDULE OF REVENUES AND EXPENDITURES**  
**GENERAL FUND – FIVE YEARS**

	Amounts		
	2020	2019	2018
<b>REVENUES</b>			
Property Taxes	\$ 17,645,756	\$ 17,168,275	\$ 18,080,609
Penalty and Interest	168,248	196,812	187,352
Investment Revenues	88,817	328,630	135,411
Insurance Reimbursement			102,175
Miscellaneous Revenues		25,523	103
<b>TOTAL REVENUES</b>	<b>\$ 17,902,821</b>	<b>\$ 17,719,240</b>	<b>\$ 18,505,650</b>
<b>EXPENDITURES</b>			
Service Operations:			
District Services - Cypress Creek			
Emergency Medical Services	\$ 13,068,845	\$ 15,466,471	\$ 15,131,304
Accounting and Auditing	47,646	48,715	40,650
Appraisal District Fees	132,596	126,133	137,050
Commissioner Fees	10,650		
Consulting Fees	89,701		
Legal Fees - General	270,772	126,575	105,584
Legal Fees - Litigation	439,712		
Legal Fees - Delinquent Tax Collections	43,779	47,673	52,229
Maintenance and Repairs	6,839	71,421	16,137
Salaries and Benefits	31,145		
Security Services	7,600		
Tax Assessor/Collector Fees	139,561	248,924	209,572
Other	108,163	61,812	474,905
Capital Outlay	274,066		691,287
Debt Service:			
Debt Issuance Costs	68,750		
Principal	465,923	243,343	236,666
Interest	38,118	44,872	51,548
<b>TOTAL EXPENDITURES</b>	<b>\$ 15,243,866</b>	<b>\$ 16,485,939</b>	<b>\$ 17,146,932</b>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENDITURES</b>	<b>\$ 2,658,955</b>	<b>\$ 1,233,301</b>	<b>\$ 1,358,718</b>
<b>OTHER FINANCING SOURCES (USES)</b>			
Note Proceeds	\$ 8,500,000	\$ - 0 -	\$ - 0 -
<b>NET CHANGE IN FUND BALANCE</b>	<b>\$ 11,158,955</b>	<b>\$ 1,233,301</b>	<b>\$ 1,358,718</b>
<b>BEGINNING FUND BALANCE</b>	13,102,515	11,869,214	10,510,496
<b>ENDING FUND BALANCE</b>	<b>\$ 24,261,470</b>	<b>\$ 13,102,515</b>	<b>\$ 11,869,214</b>

See accompanying independent auditor's report.

		Percentage of Total Revenues				
2017	2016	2020	2019	2018	2017	2016
\$ 17,491,448	\$ 16,711,227	98.6 %	96.9 %	97.7 %	98.6 %	97.1 %
169,622	189,290	0.9	1.1	1.0	1.0	1.1
55,536	30,738	0.5	1.9	0.7	0.3	0.2
				0.6		
<u>10,773</u>	<u>272,542</u>		<u>0.1</u>		<u>0.1</u>	<u>1.6</u>
<u>\$ 17,727,379</u>	<u>\$ 17,203,797</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>	<u>100.0 %</u>
\$ 14,303,060	\$ 13,111,626	73.0 %	87.3 %	81.8 %	80.7 %	76.2 %
46,150	38,900	0.3	0.3	0.2	0.3	0.2
130,069	129,858	0.7	0.7	0.7	0.7	0.8
		0.1				
		0.5				
210,613	165,499	1.5	0.7	0.6	1.2	1.0
		2.5				
40,933	51,015	0.2	0.3	0.3	0.2	0.3
22,099	105,853		0.4	0.1	0.1	0.6
		0.2				
241,238	243,067	0.8	1.4	1.1	1.4	1.4
94,403	228,223	0.6	0.3	2.6	0.5	1.3
200,934	508,812	1.5		3.7	1.1	3.0
		0.4				
230,196	241,213	2.6	1.4	1.3	1.3	1.4
59,518	62,084	0.2	0.2	0.3	0.3	0.4
<u>\$ 15,579,213</u>	<u>\$ 14,886,150</u>	<u>85.1 %</u>	<u>93.0 %</u>	<u>92.7 %</u>	<u>87.8 %</u>	<u>86.6 %</u>
\$ 2,148,166	\$ 2,317,647	<u>14.9 %</u>	<u>7.0 %</u>	<u>7.3 %</u>	<u>12.2 %</u>	<u>13.4 %</u>
\$ - 0 -	\$ - 0 -					
\$ 2,148,166	\$ 2,317,647					
<u>8,362,330</u>	<u>6,044,683</u>					
<u>\$ 10,510,496</u>	<u>\$ 8,362,330</u>					

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**BOARD OF COMMISSIONERS AND CONSULTANTS**  
**DECEMBER 31, 2020**

District Mailing Address - Harris County Emergency Services District No. 11  
c/o Radcliffe Bobbitt Adams Polley PLLC  
2929 Allen Parkway, Suite 3450  
Houston, TX 77019

District Telephone Number - (713) 237-1221

Commissioners	Term of Office (Elected or Appointed)	Fees of Office for the year ended December 31, 2020	Expense Reimbursements for the year ended December 31, 2020	Title
Karen Plummer	05/07/20 05/31/24 (Elected)	\$ 7,200	\$ 866	President
Steve Williams	05/07/20 05/31/24 (Elected)	\$ 3,450	\$ 706	Vice President
Fred Grundmeyer	06/01/18 05/31/22 (Elected)	\$ -0-	\$ -0-	Secretary
Robert Pinard	05/07/20 05/31/24 (Elected)	\$ -0-	\$ 281	Treasurer/ Assistant Secretary
Kevin Brost	06/01/18 05/31/22 (Elected)	\$ -0-	\$ -0-	Assistant Treasurer

The limit on fees of office that a Commissioner may receive during a year is set by the Health and Safety Code-Chapter 775. Effective September 1, 2017, a Commissioner is entitled to receive compensation in the same manner and amount as are provided by Section 49.060 of the Texas Water Code, currently \$7,200 per fiscal year. The above fees of office and expense reimbursements are the amounts paid to a Commissioner during the District's current fiscal year.

See accompanying independent auditor's report.

**HARRIS COUNTY EMERGENCY SERVICES DISTRICT NO. 11**  
**BOARD OF COMMISSIONERS AND CONSULTANTS**  
**DECEMBER 31, 2020**

<b>Consultants:</b>	<u>Date Hired</u>	<u>Fees for the year ended December 31, 2020*</u>	<u>Title</u>
Radcliffe Bobbitt Adams Polley PLLC	11/17/16	\$ 271,162 \$ 157,963	General Counsel Service Contract Matters
Greathouse Holloway McFadden Trachtenberg PLLC	04/16/20	\$ 140,788	Litigation Counsel
McCall Gibson Swedlund Barfoot PLLC	03/16/06	\$ 16,250 \$ 3,450	Auditor/ Other Services
Myrtle Cruz, Inc.	11/17/04	\$ 29,610	Bookkeeper
MedStar Consulting	08/20/20	\$ 80,076	Consulting Services
Linebarger Goggan Blair & Sampson, LLP	06/09/05	\$ 43,779	Delinquent Tax Attorney
The GMS Group, LLC	08/03/18	\$ 60,750	Financial Advisor
Pannell Kerr Forster of Texas, P.C.		\$ 140,961	Forensic Auditor
Mary Jarmon	04/20/17	\$ -0-	Investment Officer
Harris County Tax Assessor/Collector	Legislative Action	\$ 139,561	Tax Assessor/ Collector

\* Accrual basis

See accompanying independent auditor's report.

